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OGC 65-2152

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29 JUN 1965

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT: Department of Defense Appropriation Bill

1. The following is for the information of the Executive Director, EDCI and DCI:

2. The House Committee report on the Department of Defense Appropriation Bill for FY 1966 made a number of points which have interest and implication for the Agency. They are as follows:

a. That the Appropriation Committee expects to get a large supplemental appropriation request for Southeast Asia for FY 1966. (This is of interest to CIA should the Agency also require additional funds. BOB has been asked to alert us on timing.)

b. Overall spending for Defense research and development, test and evaluation has averaged during the past four years over 50 percent higher than the previous four years. The Committee feels the level achieved in the past four years is adequate. (For comparison the Agency's R&D program in FY 1966 is more than double what it was in FY 1962 --)

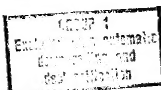
c. A criticism of the rotational practice of the Defense Department and its impact upon technical management and "apparent instability of operational planning." The Committee suggests longer continuity in command positions and/or the possible replacement of military with civilian personnel in developmental programs.

d. In criticism of DIA, the Committee's investigative staff examined management practices therein and found excessively elevated grade structures, the assignment of high ranking military personnel to positions which could be handled by people of lower grades and the failure of top management to streamline the management. The Committee calls for a decided improvement in operations and expects a report next year indicating substantial progress.

e. The Committee praises the Department of Defense procurement program and the operating of competitive bidding for procurement purposes.

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f. The Committee criticizes existing procedures whereby personnel in DERAS must "assume too often a primarily negative role in their review of proposals of the military services." They suggest that "perhaps more of the negative role could be vested in the Comptroller's office and DERAS could undertake a more active part in expediting the successful completion of approved development programs." The Committee also criticizes the tendency of engineers to "make just one more refinement in a system."

g. The Committee also calls for the Department of Defense to make better use of scientific and technical investigations funded by other departments. In this connection the Committee will direct its staff of investigators to evaluate the current procedures for coordinating certain specific research efforts among the various Departments and Agencies and to suggest economies which might be accomplished through genuine coordination.

h. The Committee recommends greater use of in-house capability in lieu of higher-cost external research effort (applicable to Army particularly).

i. The Committee feels DOD should very carefully consider the development of the YF-12A as an operational interceptor. Special commendation is given to the outstanding achievements of the A-11.

(signed) John M. Clarke

John M. Clarke
Director of Budget,
Program Analysis and
Manpower

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